



Catherine B. Templeton, Director

Promoting and protecting the health of the public and the environment

June 4, 2013

Mr. Jim Giattina
US EPA, Region 4
Water Protection Division
61 Forsyth Street, SW
Atlanta, GA 30303

Dear Jim:

It was great to see you in Clemson. I hope the University's work will pay dividends for all of us with more timely, accurate information about our water resources. I'm writing today to ask for your help with South Carolina's Clean Water and Drinking Water State Revolving Funds.

South Carolina has done a wonderful job recouping Clean Water loans over the years. With loan repayments and new appropriations, the Clean Water fund will swell to \$187 million by the end of the state fiscal year. I instructed our staff to seek out worthy projects in an effort to put this under-utilized fund to work. Even after actively looking for new opportunities and borrowers, we only identified approximately \$56 million worth of projects ready to go forward. With \$34 million in expected repayments over the next year, we will still have approximately \$165 million in available funds.

The picture is very different on the Drinking Water side. We committed \$53 million of the available \$57 million for Drinking Water projects, but another \$55 million of eligible, ready projects remain without funding. As you know, we expect to receive \$14.5 million for Clean Water based on our FY12 request. EPA gives us the flexibility with that grant to transfer up to \$2.9 million for Drinking Water projects and use up to \$1.2 million for Clean Water loan forgiveness. We're also working to transfer \$7.6 million to Drinking Water from FY10 and FY11 grants.

While the \$10.5 million transferred from Clean Water certainly makes progress with the \$55 million in unfunded Drinking Water projects, I would like to propose a swifter, bolder course. We respectfully request that the EPA grant a one-time exception for South Carolina to transfer up to \$50 million from the Clean Water fund to the Drinking Water fund. With the flexibility to right-size both funds, South Carolina would be in a position to turn back \$14.5 million for FY12 and forego a like amount for FY13, potentially saving \$29 million for the EPA.

We believe this is a unique opportunity to show taxpayers we can manage public funds with common sense, avoid the unintended consequences of federal constraints, and improve aging drinking water infrastructure. Thank you for your consideration of this request, and I look forward to your reply.

Sincerely,

Catherine B. Templeton

cc: Dyke Spencer, Chair, Water Utilities Council
Ed Saxon, Water Quality Association
Ashlie Lancaster, S.C. Budget & Control Board